

OFFERING CIRCULAR



PROCESSED

JUN 04 2001

THOMSON
FINANCIAL



BEST AVAILABLE COPY

Vodafone Group Plc

(incorporated with limited liability in England and Wales)

€8,000,000,000

Euro Medium Term Note Programme

On 16th July, 1999 Vodafone Group Plc (formerly called Vodafone AirTouch Plc) (the "**Issuer**" or "**Vodafone**") entered into a €5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). On 4th May, 2000 the maximum aggregate nominal amount of Notes which may from time to time be outstanding under the Programme was increased from €5,000,000,000 to €8,000,000,000. This Offering Circular supersedes any previous Offering Circular or supplements thereto. Any notes (the "**Notes**") issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions herein. This Offering Circular does not affect any Notes issued prior to the date hereof.

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €8,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

Payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of the Issuer to the extent described under "Terms and Conditions of the Notes — Condition 6 Taxation". If any such withholding or deduction is required by law the Issuer will pay additional amounts, subject to the exceptions described in "Terms and Conditions of the Notes — Condition 6 Taxation".

In certain circumstances another entity may be substituted for or acquire the rights and obligations of the Issuer under the Notes. In such case payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of such entity.

However, in no circumstances will payments of additional amounts be made for or on account of any taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to the Financial Services Authority in its capacity as UK Listing Authority (the "**UK Listing Authority**") for Notes issued within 12 months of this Offering Circular to be admitted to the official list maintained by the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading by the London Stock Exchange on its market for listed securities, which together, under the Listing Rules of the UK Listing Authority, will constitute official listing on the London Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes listed on the Official List and to be admitted to trading by the London Stock Exchange on its market for listed securities will be delivered to the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Issuer may agree with any Dealer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**") that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List only) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger

The Royal Bank of Scotland

Dealers

Barclays Capital
Deutsche Bank
JPMorgan
Schroder Salomon Smith Barney

UBS Warburg

BNP PARIBAS
HSBC
Lehman Brothers
The Royal Bank of Scotland

The date of this Offering Circular is 31st May, 2001.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Offering Circular, which comprises the listing particulars approved by the UK Listing Authority as required by the Financial Services Act 1986 as amended (the "**Act**") in relation to Notes listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities (the "**Listing Particulars**") and issued during the period of 12 months from the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by section 149 of the Act. Copies of each Pricing Supplement (in the case of Notes to be admitted to the Official List of the London Stock Exchange) will be available from FT Business Research Centre, operated by FT Electronic Publishing at Fitzroy House, 13-15 Epworth Street, London EC2A 4DL and from the specified office set out below of each of the Paying Agents (as defined below).

None of the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial and business condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published audited annual financial statements of the Issuer when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*" below).

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Dealers and the Trustee represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee (save for the approval of this document as listing particulars by the UK Listing Authority and delivery of copies of this document to the Registrar of Companies in England and Wales) which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan, France and Germany (see "*Subscription and Sale*" below).

All references in this document to "**U.S. dollars**", "**U.S.\$**" and "**\$**" refer to the currency of the United States of America, to "**Sterling**", "**pounds sterling**", "**pence**", "**£**" and "**p**" refer to the currency of the United Kingdom, to "**¥**" refer to the currency of Japan, to "**euro**"

and “€” are to the single currency of those member states of the European Union participating in European economic and monetary union from time to time and to “**billions**” are to thousand millions.

In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement may over-allot or effect transactions which stabilise or maintain the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

Schroder is a trademark of Schroders Holdings plc and is used under licence by Salomon Brothers International Limited.

Table of Contents

	<u>Page</u>
Documents Incorporated by Reference	5
General Description of the Programme	6
Summary of the Programme	7
Form of the Notes	10
Form of Pricing Supplement	12
Terms and Conditions of the Notes	19
Use of Proceeds	34
Glossary of Terms	35
Description of the Issuer	36
Capitalisation	42
Taxation	43
Subscription and Sale	44
General Information	46

Documents Incorporated by Reference

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuer from time to time, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents; provided, however, that no such document or modifying or superseding statement shall form part of the Listing Particulars issued in compliance with the listing rules made under Section 142 of the Financial Services Act 1986.

General Description of the Programme

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under *"Form of the Notes"* below.

This Offering Circular and any supplement will only be valid for listing Notes on the Official List during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €8,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under *"Form of the Notes"* below) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under *"Form of the Notes"* below) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under *"Form of the Notes"* below) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

Summary of the Programme

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuer:	Vodafone Group Plc
Description:	Euro Medium Term Note Programme
Arranger:	The Royal Bank of Scotland plc
Dealers:	Barclays Bank PLC BNP Paribas Deutsche Bank AG London HSBC Bank plc Lehman Brothers International (Europe) J.P. Morgan Securities Ltd. Salomon Brothers International Limited The Royal Bank of Scotland plc UBS AG, acting through its business group UBS Warburg and any other Dealers appointed in accordance with the Programme Agreement.
Currencies:	Subject to compliance with all relevant laws, regulations and directives (see " <i>Subscription and Sale</i> "), Notes may be issued in any currency agreed between the Issuer and the relevant Dealer. Issues of Notes denominated in Sterling shall comply with all applicable laws and regulations (as amended from time to time) of United Kingdom authorities. See " <i>Banking Act 1987 (Exempt Transactions) Regulations 1997</i> " under " <i>General Information</i> ".
Issuing and Principal Paying Agent:	HSBC Bank plc
Trustee:	The Law Debenture Trust Corporation p.l.c.
Programme Size:	Up to €8,000,000,000 (or its equivalent in other currencies calculated as described under " <i>General Description of the Programme</i> " above outstanding at any time). The Issuer may change the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. If so, the wording of the redenomination clause will be set out in full in the applicable Pricing Supplement.
Maturities:	Subject to any applicable laws, any maturity as specified in the applicable Pricing Supplement.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> " below.
Clearing Systems:	Clearstream, Luxembourg, Euroclear (each as defined in " <i>Form of the Notes</i> " below) and, in relation to any Tranche, such other clearing system as may be specified in the applicable Pricing Supplement.

Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>The margin (if any) relating to such floating rate will be specified in the applicable Pricing Supplement for each Series of Floating Rate Notes.</p>
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as specified in the applicable Pricing Supplement.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as specified in the applicable Pricing Supplement.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p> <p>Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their Issue Date and are to be listed on the Official List and admitted to trading by the London Stock Exchange on its market for listed securities or any other stock exchange of a country within the European Economic Area (an “EEA Exchange”).</p>
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the applicable Pricing Supplement.

Denomination of Notes:	<p>Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.</p> <p>Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom must have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their Issue Date and are to be listed on the Official List and admitted to trading by the London Stock Exchange on its market for listed securities or any other EEA Stock Exchange.</p>
Taxation:	<p>Payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of the Issuer to the extent described under “Terms and Conditions of the Notes — Condition 6 Taxation”. If any such withholding or deduction is required by law the Issuer will pay additional amounts, subject to the exceptions described in “Terms and Conditions of the Notes — Condition 6 Taxation”. In certain circumstances another entity may be substituted for or acquire the rights and obligations of the Issuer under the Notes. In such case payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of such entity. However in no circumstances will payment of additional amounts be made for or on account of any taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein and in such case there will be no redemption for tax reasons pursuant to “Terms and Conditions of the Notes — Condition 5(b) Redemption for tax reasons”.</p>
Negative Pledge:	<p>The terms of the Notes will not contain a negative pledge.</p>
Cross Default:	<p>The terms of the Notes will contain a cross default provision as further described in Condition 8(A).</p>
Status of the Notes:	<p>The Notes will constitute direct, unconditional, and unsecured obligations of the Issuer and will rank <i>pari passu</i>, without any preference among themselves, with all other, present and future, outstanding unsecured and unsubordinated obligations of the Issuer (other than obligations preferred by law).</p>
Listing:	<p>Application has been made to list the Notes under the Programme on the Official List and to admit them to trading on the London Stock Exchange's market for listed securities. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.</p> <p>Unlisted Notes may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).</p>
Governing Law:	<p>The Notes will be governed by, and construed in accordance with, English law.</p>
Selling Restrictions:	<p>There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Japan, France and Germany and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see “<i>Subscription and Sale</i>” below).</p>

Form of the Notes

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a “**Temporary Global Note**”) or, if so specified in the applicable Pricing Supplement, a permanent Global Note (a “**Permanent Global Note**”), which will be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depositary**”) for Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the “**Exchange Date**”) which is 40 days after the Temporary Global Note is issued interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) if so specified in the applicable Pricing Supplement for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event.

For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 8(A)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 which would not be required were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on such Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*” below), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as such term is defined by Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Trustee and the Agent.

Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

Vodafone Group Plc
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €8,000,000,000
Euro Medium Term Note Programme

[The Notes constitute [commercial paper/shorter term debt securities/longer term debt securities]⁽¹⁾ issued in accordance with regulations made under section 4 of the Banking Act 1987. The Issuer of the Notes is not an authorised institution or a European authorised institution (as such terms are defined in the Banking Act 1987 (Exempt Transactions) Regulations 1997). Repayment of the principal and payment of any interest or premium in connection with the Notes has not been guaranteed.]⁽²⁾

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 31st May, 2001. This Pricing Supplement must be read in conjunction with such Offering Circular.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs.]

- | | | |
|----|---|--|
| 1. | Issuer: | Vodafone Group Plc |
| 2. | [(i)] Series Number: | [] |
| | [(ii)] Tranche Number: | [] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [] |
| 4. | Aggregate Nominal Amount: | |
| | — Series: | [] |
| | — Tranche: | [] |
| 5. | [(i)] Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] <i>(in the case of fungible issues only, if applicable)</i>] |
| | [(ii)] Net Proceeds: | [] (Required only for listed issues)] |
| 6. | Specified Denominations: | [] [] |
| 7. | [(i)] Issue Date [and Interest Commencement Date]: | [] |
| | [(ii)] Interest Commencement Date (if different from the Issue Date): | []] |

- (1) Include “*commercial paper*” if Notes must be redeemed before their first anniversary. Include “*shorter term debt securities*” if Notes may not be redeemed before their first anniversary but must be redeemed before their third anniversary. Include “*longer term debt securities*” if Notes may not be redeemed before their third anniversary.
- (2) Unless otherwise permitted, text to be included for all Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are accepted by the Issuer in the United Kingdom.

8. Maturity Date: *[Fixed rate — specify date/Floating rate — Interest Payment Date falling in [specify month and year]]*
9. Interest Basis: *[] per cent. Fixed Rate*
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: *[Redemption at par]*
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: *[Investor Put]*
[Issuer Call]
[(further particulars specified below)]
13. Listing: *[Official List of the UK Listing Authority and trading on the London Stock Exchange/specify other/None]*
14. Method of distribution: *[Syndicated/Non-syndicated]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** *[Applicable/Not Applicable]*
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: *[] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]*
- (ii) Interest Payment Date(s): *[] in each year up to and including the Maturity Date/[specify other]*
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): *[] per [] in nominal amount*
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Fixed Day Count Fraction: *[Actual/Actual (ISMA) or 30/360 or specify other]*
- (vi) Determination Date: *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)] in each year⁽¹⁾*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[None/Give details]*
16. **Floating Rate Note Provisions** *[Applicable/Not Applicable]*
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: *[]*
- (ii) Business Day Convention: *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]*

(1) Only to be completed where day count fraction is Actual/Actual (ISMA)

- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other — including to the fallback provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR other than euro LIBOR or Sterling LIBOR, the first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Telerate 248 ensure it is a page which shows a composite rate)
- (vii) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: []
(see Condition 3 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: []
 - (iv) Day count fraction in relation to Early Redemption Amounts and late payment: [Conditions 5(e)(iii) and 5(j) apply/specify other]
18. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the principal and/or interest due: []
 - (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: []
 - (iv) Specified Period(s)/ Specified Interest Payment Dates: []
 - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
 - (vi) Additional Business Centre(s): []
 - (vii) Minimum Rate of Interest: [] per cent. per annum
 - (viii) Maximum Rate of Interest: [] per cent. per annum
 - (ix) Day Count Fraction: []
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
 - (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []

- (iii) Provisions applicable []
where calculation by
reference to Rate of
Exchange impossible or
impracticable:
- (iv) Person at whose option []
Specified Currency(ies)
is/are payable:

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption []
Date(s):
- (ii) Optional Redemption []
Amount(s) and method, if
any, of calculation of such
amount(s):
- (iii) If redeemable in part:
- (a) Minimum Redemption []
Amount:
- (b) Higher Redemption []
Amount:
- (iv) Issuer Call Period: []
21. Investor Put [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption []
Date(s):
- (ii) Optional Redemption []
Amount(s) and method, if
any, of calculation of such
amount(s):
- (iii) Investor Put Period: []
22. Final Redemption Amount [Par/specify other/see Appendix]
23. Early Redemption Amount(s) []
payable on redemption for
taxation reasons or on event of
default and/or the method of
calculating the same (if required
or if different from that set out in
Condition 5(e):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for
Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any
time/only upon an Exchange Event]]

25. Whether TEFRA D applicable or TEFRA rules not applicable: [TEFRA D/TEFRA not applicable]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
- (Note that this item relates to the place of payment and not Interest Period end dates to which items 16(iii) and 18(vi) relate)*
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination applicable: [Yes/No]
- (if yes, insert Redenomination Clause wording including either the applicable Fixed Day Count Fraction or any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
31. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager (if any): [Not Applicable/give name]
33. If non-syndicated, name of relevant Dealer: []
34. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

35. ISIN Code: []
36. Common Code: []
37. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
38. Delivery: Delivery [against/free of] payment
39. Additional Paying Agent(s) (if any): []

40. The aggregate nominal amount [Not applicable/ €[]]
of Notes issued has been
translated into euro at the rate
of [] producing a sum
of [] (for Notes not
denominated in euro);

[41. *[Notes in respect of which the issue proceeds are accepted by the Issuer in the United Kingdom and which are to be listed on the London Stock Exchange. The text set out below may be deleted if the Issuer is relying on any of Regulation 13(4)(c) to (g)]*

The Issuer confirms that it:

- (a) has complied with its obligations under the relevant rules (as defined in the Banking Act 1987 (Exempt Transactions) Regulations 1997) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (b) will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes by the time when such Notes are so admitted; and
- (c) has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or the Notes, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as Issuer in respect of the Notes as they fall due.]

In no circumstances will payments of additional amounts be made for or on account of taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein.

Listing Application

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the €8,000,000,000 Euro Medium Term Note Programme of Vodafone Group Plc.

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: _____

Duly authorised

Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Vodafone Group Plc (formerly called Vodafone AirTouch Plc) (the "**Issuer**") constituted by a Trust Deed dated 16th July, 1999 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include any successor as trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 4th May, 2000 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, HSBC Bank plc as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent), the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and the Trustee.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "**Noteholders**", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at 31st May, 2001 at Fifth Floor, 100 Wood Street, London EC2V 7EX, England) and at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the

benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed and/or the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed shall prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1 Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

The Notes may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

The Notes may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner for all purposes (whether or not the Note, Receipt or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note, Receipt or Coupon or any notice of previous loss or theft of the Note, Receipt or Coupon or of trust or any interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Agent and the Trustee.

2 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other, present and future, outstanding unsecured and unsubordinated obligations of the Issuer (other than obligations preferred by law).

3 Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Terms and Conditions “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions:

“Fixed Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

- (i) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
- (ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an **“Interest Payment Date”**) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an **“Interest Payment Date”**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to

the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "**TARGET System**") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and amended and updated as at the Issue Date of the first Tranche of the Notes) (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words "*are open for*" in the second line the word "*general*" and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the **"Interest Amount"**) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if **"Actual/365"** or **"Actual/Actual-ISDA"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if **"Actual/360"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if **"30E/360"** or **"Eurobond Basis"** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 12. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Determination or Calculation by Trustee

If for any reason at any relevant time the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii)(A) or (B) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 3, but subject always to any Minimum or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3, whether by the Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

4 Payments

(a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

(b) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Index Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Index Linked Interest Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due; and
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 7) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) relevant place of presentation;
 - (B) London; and
 - (C) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(f) Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 5 or under any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

5 Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note),

on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 6 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 6) (or any political subdivision or taxing authority thereof or therein), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in (i) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders. Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with the provisions of this paragraph.

Notes redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) notice within the Issuer Call Period to the Noteholders in accordance with Condition 12; and
- (ii) not less than 10 days before the giving of the notice referred to in (i), notice to the Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 12 at least five days prior to the Selection Date.

(d) Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 12 notice within the Investor Put Period the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office

of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 8, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (I) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (II) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (in either case) on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 5 and the applicable Pricing Supplement.

(h) Purchases

The Issuer or any Subsidiary (as defined in the Trust Deed) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike.

(i) Cancellation

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and accordingly may not be reissued or resold. Any Notes which are purchased by or on behalf of any of the Issuer's Subsidiaries may, at the option of the purchaser, be held or resold or surrendered to a Paying Agent for cancellation.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 12.

6 Taxation

All payments in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for any present or future taxes, assessments or other governmental charges ("**Taxes**") of the Issuer's jurisdiction of incorporation (the "**Relevant Jurisdiction**") (or any political subdivision or taxing authority thereof or therein), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amount paid to each holder of any Note, Receipt or Coupon who, with respect to any such Tax is not resident in the Relevant Jurisdiction, after such withholding or deduction shall be not less than the respective amount to which such holder would have been entitled in respect of such Note, Receipt or Coupon, as the case may be, in the absence of the withholding or deduction; provided however that the Issuer shall not be required to pay any additional amounts (i) for or on account of any such Tax imposed by the United States (or any political subdivision or taxing authority thereof or therein) or (ii) for or on account of:

- (a) any Tax which would not have been imposed but for (i) the existence of any present or former connection between a holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the Relevant Jurisdiction or any political subdivision or territory or possession thereof or area subject to its jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or (ii) the presentation of such Note, Receipt or Coupon (x) for payment on a date more than 30 days after the Relevant Date (as defined below) or (y) in the Relevant Jurisdiction;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any Tax which is payable otherwise than by withholding from payments of (or in respect of) principal of, or any interest on, such Note, Receipt or Coupon;
- (d) any Tax that is imposed or withheld by reason of the failure by the holder or any beneficial owner of such Note, Receipt or Coupon to comply with a request of the Issuer given to the holder in accordance with Condition 12 (i) to provide information concerning the nationality, residence or identity of the holder or any beneficial owner or (ii) to make any declaration or other similar claim or satisfy any information or reporting requirements, which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a precondition to exemption from all or part of such Tax;
- (e) any Tax imposed on a payment to an individual which is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (f) any Tax payable with respect to a Note, Receipt or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (g) any combination of items (a), (b), (c), (d), (e) and (f) above,

nor shall the Issuer be required to pay any additional amounts with respect to any payment of the principal of, or any interest on, any Note, Receipt or Coupon to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner which would not have been entitled to such additional amounts had it been the holder of such Note, Receipt or Coupon.

As used herein:

"**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12; and

"**United States**" means the United States of America (including the States and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

7 Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 6) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

8 Events of Default and Enforcement

(A) Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount as referred to in Condition 5(e), together (if applicable) with accrued interest as provided in the Trust Deed, in any of the following events ("**Events of Default**");

- (a) if default is made in the payment of any principal or any interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of a payment of principal or 21 days in the case of a payment of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any Indebtedness for Borrowed Money of the Issuer becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity (at the expiry of any originally applicable grace period) given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other events which shall have occurred equals or exceeds (i) £50,000,000 (or its equivalent in any other currency) in relation to any such event falling on or before 1st August, 2014 and (ii) £150,000,000 (or its equivalent in any other currency) in relation to any such event falling after 1st August, 2014; or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of a reorganisation on terms approved in writing by the Trustee; or
- (e) if the Issuer stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (within the meaning of section 123(1)(e) or (2) of the Insolvency Act 1986), or is adjudicated or found bankrupt or insolvent or shall enter into any composition or other similar arrangements with its creditors under section 1 of the Insolvency Act 1986; or
- (f) if (i) an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of it, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of it and (ii) in any case (other than the appointment of an administrator) is not discharged, removed or paid within 45 days;

PROVIDED, in the case of any Event of Default other than those described in paragraphs (a) and (d) above, the Trustee shall have certified in writing to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition "**Indebtedness for Borrowed Money**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any bonds, notes, debentures, debenture stock or loan stock.

(B) Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding, and (ii) it shall have been indemnified to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

9 Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

10 Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent;
- (ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (iii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee outside the Relevant Jurisdiction and there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in a country which is not a member of the European Community; and
- (iv) save where it may from time to time be otherwise agreed with the Trustee that it is unduly onerous or not current market practice at the relevant time to do so and save to the extent that the following requirement is not met by virtue of paragraph (iii) above, there will at all times be a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(d).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 60 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 12.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7.

12 Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in the United Kingdom. It is expected that such publication will be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant

notice to Euroclear and/or Clearstream, Luxembourg for communication by them to their entitled accountholders and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange or any other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or any other relevant authority. Any such notice shall be deemed to have been given on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent.

13 Meeting of Noteholders, Modification, Authorisation, Waiver, Determination and Substitution

(a) Meetings

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or the Trust Deed. Such a meeting may be convened by the Issuer or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented. The holder of a Global Note shall be treated at any meeting or adjourned meeting of the Noteholders as having one vote in respect of each definitive Note for which such Global Note would be exchangeable. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

(b) Modification, Authorisation, Waiver, Determination, Substitution etc.

The Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error.

In connection with the exercise by its of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 6 and/or any undertaking given in addition to, or in substitution for, Condition 6 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, Receiptholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as principal debtor in respect of the Notes, the Receipts and the Coupons and under the Trust Deed of either (i) a Successor in Business (as defined in the Trust Deed) to the Issuer or (ii) a Holding Company of the Issuer or (iii) a Subsidiary of the Issuer, in each case subject to the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby provided that in determining such material prejudice the Trustee shall not take into account any prejudice to the interests of the Noteholders as a result of such substituted company not being required pursuant to proviso (i) to Condition 6 to pay any additional amounts for or on account of any Taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein and certain other conditions set out in the Trust Deed being complied with.

The Trust Deed contains provisions permitting the Issuer to consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any person provided that (i) in the case of a consolidation or merger (except where the Issuer is the continuing entity) such person agrees to be bound by the terms of the Notes, the Receipts, the Coupons and the Trust Deed as principal debtor in place of the Issuer; (ii) in the case of a conveyance, transfer or lease, such person guarantees the obligations of the Issuer under the Notes, the Receipts, the Coupons and the Trust Deed and (iii) certain other conditions set out in the Trust Deed are complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

For the purposes of this Condition “**Holding Company**” means, in relation to a person, an entity of which that person is a Subsidiary.

N.B. The Trust Deed does not contain any provisions requiring higher quorums in any circumstances.

14 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

15 Indemnification of the Trustee and its Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16 Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17 Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Agency Agreement are governed by, and shall be construed in accordance with, English law.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for the general purposes of the Issuer and such specific purposes as may be determined from time to time.

Glossary of Terms

Unless the context indicates otherwise, the following terms have the meanings shown below:

“PCS” broadband personal communications services.

“proportionate customers” the number of customers of a venture multiplied by Vodafone’s ownership interest in the venture.

“3G” third generation mobile services or universal mobile telecommunications services, the new worldwide digital standards for mobile telecommunications.

Description of the Issuer

Background

Vodafone is one of the world's leading mobile communications companies with a significant presence in Continental Europe, the United Kingdom, the United States and the Asia Pacific region. Vodafone also has interests in mobile telecommunications businesses in the Middle East and Africa. Vodafone provides a full range of mobile telecommunications services, including cellular, PCS, paging and data communications.

As at 31st March, 2001, Vodafone and its consolidated subsidiaries ("**Vodafone Group**") had approximately 83.0 million customers, excluding paging and fixed line customers and calculated on a proportionate basis in accordance with its percentage interest in its ventures.

Vodafone's ordinary shares are listed on both the London Stock Exchange and the Frankfurt Stock Exchange, and its American Depositary Shares ("**ADSs**") are listed on the New York Stock Exchange. Vodafone, which is incorporated in England and Wales with registered number 1833679, had a total market capitalisation of over £131 billion at 24th May, 2001, making it the second largest company in the Financial Times Stock Exchange 100 Index (FTSE 100) and the thirteenth largest company in the world based on market capitalisation at that time.

Over the past two years, Vodafone has engaged in a number of major business transactions, which have significantly increased the geographic coverage areas in which it has licences to operate mobile networks and its customer base.

On 30th June, 1999, Vodafone completed its merger with AirTouch Communications Inc. ("**AirTouch**"). The merger created one of the world's largest international mobile telecommunications companies, in terms of the number of proportionate customers, with an extensive presence in both Europe and in the United States.

On 21st September, 1999, Vodafone, Bell Atlantic Corporation ("**Bell Atlantic**") and GTE ("**GTE**") agreed to combine their U.S. cellular operations to create the largest mobile operator in the United States. After the completion of the two stages of the transaction in April and July of 2000, Vodafone owns 45 per cent. of the new partnership, Verizon Wireless. Verizon Communications Inc. ("**Verizon Communications**"), formed by the merger of Bell Atlantic and GTE, owns the remaining 55 per cent. Verizon Wireless ranks as the largest mobile company in the United States, serving 27.1 million customers. Verizon Wireless operates a nationwide network on a single digital technology, covering almost 90 per cent. of the U.S. population and 96 of the top 100 mobile telecommunications markets within the United States. At the completion of a U.S. auction for 422 spectrum licences for mobile services on 26th January, 2001, the Federal Communications Commission declared Verizon Wireless the highest bidder for 113 licences for an aggregate price of \$8.78 billion.

On 12th April, 2000, Vodafone completed its acquisition of Mannesmann Aktiengesellschaft ("**Mannesmann**"). As a result of the Mannesmann acquisition, Vodafone took controlling stakes in two of the largest mobile telecommunications operators in Europe, Mannesmann Mobilfunk GmbH ("**D2**") in Germany and Omnitel Pronto Italia S.p.A in Italy. Vodafone also acquired beneficial ownership of Orange Plc ("**Orange**"), one of the four mobile telecommunications operators in the United Kingdom. Vodafone subsequently disposed of its interests in Orange and several other of Mannesmann's businesses.

As a result of the merger with AirTouch and the Mannesmann transaction, Vodafone has the largest pan-European licensed coverage area of any mobile operator and, through its joint venture partnership with Verizon Communications, has the largest mobile licensed coverage area and customer base in the United States.

Strategy

Vodafone's strategy is to concentrate on mobile telecommunications globally, to extend the reach, range and penetration of mobile services to as many customers as possible in as many geographic territories throughout the world as can sustain viable and profitable operating environments, and to provide its customers with new services made available by continuing technological developments in mobile communications. Vodafone intends to further develop its existing businesses, increase its current shareholdings and, where appropriate, bid for new licences and make acquisitions. The continued development of the business will encapsulate the introduction of new services, based on data transmission and the internet.

Markets

Vodafone has interests in 29 countries across five continents. The major geographical markets in which it has interests are Australia, Belgium, Egypt, France, Germany, Greece, Italy, Ireland, Japan, Mexico, The Netherlands, New Zealand, Poland, Portugal, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States. Vodafone also has interests in mobile network operations in Albania, China, Fiji, Hungary, India, Kenya, Malta, Romania and South Korea.

Vodafone's largest region at 31st March, 2001 was the Continental European region with a proportionate customer base of over 49.6 million. In the United Kingdom at 31st March, 2001, Vodafone had approximately 12.3 million customers. In the United States and the Asia Pacific region at 31st March, 2001, Vodafone had a proportionate customer base of approximately 11.6 million and approximately 7.2 million, respectively. In the Middle East and Africa region the proportionate customer base was over 2.3 million at 31st March, 2001.

On 25th April, 2001, Vodafone announced new key performance indicators as a better guide to the underlying trends in its business. Based on this new analysis, it was reported that for the quarter ended 31st March, 2001, Vodafone had an inactive customer base of approximately 10 per cent. of customers in its controlled subsidiaries, reflecting the number of customers who have not made or, where such information is available, received a chargeable call in the last three months. In addition, Vodafone reported that for the year ended 31st March, 2001, data revenues represented approximately 8.1 per cent. of total service revenues in its controlled subsidiaries, comprising 7.7 per cent. for messaging and 0.4 per cent. for internet services.

Recent Transactions

Europe

As a condition to its approval on 12th April, 2000 of the acquisition of Mannesmann, the European Commission required Vodafone to dispose as soon as practicable of its interest in Orange, one of the four mobile telecommunications operators in the United Kingdom. Mannesmann acquired Orange in 1999 and, as stated above, Orange became a Vodafone subsidiary as a result of the Mannesmann acquisition. On 29th May, 2000 Vodafone and Mannesmann reached an agreement to sell Orange to France Telecom S.A. ("**France Telecom**"). The sale of Orange was completed on 22nd August, 2000 for consideration consisting of a cash payment of approximately €21.4 billion, €2.15 billion of France Telecom loan notes and 113,846,211 France Telecom shares, representing 9.87 per cent. of the outstanding share capital of France Telecom. The non-cash consideration, comprising the shares and the loan notes, was underwritten by France Telecom at £8.4 billion. In addition, France Telecom assumed Orange's estimated net debt of £1.8 billion and its UK 3G licence liability of £4.0 billion. On 28th February, 2001, it was announced that Vodafone and France Telecom had agreed that France Telecom would repurchase the France Telecom shares in three tranches, on 5th March, 2001, 26th March, 2001 and 25th March, 2002, making cash payments of approximately €6.06 billion, €0.59 billion and €4.97 billion, respectively. In addition, the France Telecom loan note of €2.15 billion was redeemed, including interest, for approximately €2.2 billion on 13th March, 2001. These proceeds were used to reduce Vodafone's indebtedness. The third cash payment of €4.97 billion is subject to an upward adjustment in the event that the France Telecom share price is above the euro equivalent of £60 at that time, and is capped at the euro equivalent of £79 per France Telecom share.

In addition to Mannesmann's mobile telecommunications businesses, Vodafone acquired two fixed line telecommunications businesses, Arcor AG & Co ("**Arcor**") in Germany and Infostrada S.p.A ("**Infostrada**") in Italy. On 11th October, 2000 it was announced that Mannesmann had reached an agreement for the sale of its interest in Infostrada to Enel S.p.A ("**Enel**"). On 28th February, 2001, the Italian anti-trust authority announced its approval of the sale subject to the imposition of certain conditions upon Enel. As a result, on 16th March, 2001, it was announced that Mannesmann had reached an amended agreement for the sale of its interest in Infostrada to Enel. The consideration for the sale was €7.25 billion in cash. In addition, Enel assumed the net debt of Infostrada, which was €1.3 billion at 26th February, 2001. The sale was completed on 29th March, 2001. The proceeds of this sale were used to reduce Vodafone's indebtedness. Vodafone is also considering its strategic options in respect of its stake in Arcor.

Vodafone has also divested itself of a substantial part of its interests in Mannesmann's non-telecommunications businesses. In April 2000, Mannesmann reached an agreement with Siemens AG ("**Siemens**") and Robert Bosch AG ("**Bosch**") for the disposal of a 50 per cent. plus two shares interest in Atecs Mannesmann ("**Atecs**"), Mannesmann's engineering and automotive businesses, with an option arrangement over Mannesmann's remaining stake. The transaction valued the business at approximately €9.6 billion, consisting of €3.1 billion, which was paid (plus interest) on 29th September, 2000, €3.7 billion to €3.8 billion payable upon the exercise of certain options between closing and 31st December, 2003, and €2.8 billion of pension and non-trading financial liabilities to be assumed by Siemens and Bosch on closing. The disposal of Mannesmann's 50 per cent. plus two shares interest in Atecs was completed on 17th April, 2001. On 7th December, 2000, Mannesmann completed the sale of Les Manufactures Horlogères, its luxury watches business, to Richemont S.A. for a total consideration of approximately €1.85 billion. Proceeds from these divestments were used to reduce Vodafone's indebtedness.

On 8th November, 2000, Vodafone announced that it had entered into a strategic partnership with Swisscom AG ("**Swisscom**"). Under the terms of this partnership, Vodafone has acquired a 25 per cent. stake in Swisscom Immobilien AG ("**Swisscom Mobile**"), Swisscom's

mobile telecommunications business. The consideration for the acquisition is approximately £1.8 billion, consisting of cash, shares or a combination of cash and shares, at Vodafone's discretion, of which the first tranche was paid by the issue of 422,869,008 new Vodafone shares and the payment of Swiss Francs 25 million in cash on 30th March, 2001. These Vodafone shares have now been sold in the market and Swisscom has no economic or other interest in the shares. The strategic partnership with Swisscom also includes a service agreement between Vodafone and Swisscom Mobile for the development of and access to some of Vodafone's products and services and an agreement between D2 and debitel AG ("**debitel**") under which debitel, Swisscom's German subsidiary, will be provided with access to D2's 3G-related products and services.

On 21st December, 2000, Vodafone and eircom plc ("**eircom**") announced that they had reached an agreement on the terms of the demerger of eircom's mobile communications business, Eircell Limited ("**Eircell**"), to a new company, Eircell 2000 Plc ("**Eircell 2000**") and the separate offer by Vodafone for Eircell 2000. Eircell is the leading provider of mobile telecommunications services in Ireland with over 1.5 million customers as at 31st March, 2001. The demerger of Eircell mobile to Eircell 2000 was approved by eircom shareholders at an extraordinary general meeting held on 11th May, 2001. eircom shareholders received one Eircell 2000 share for each eircom share. On 17th April, 2001, Vodafone launched its offer for Eircell 2000 of 0.9478 new Vodafone shares for every two shares in Eircell 2000, valuing Eircell 2000 at approximately €3.6 billion (including the assumption of €250 million of net debt), based on a closing price of Vodafone shares on 6th April, 2001 and exchange rates at that date. It is expected that approximately 1.046 billion new Vodafone shares will be issued in the offer. On 13th May, 2001, Vodafone declared the offer wholly unconditional in all respects.

On 29th December, 2000, Vodafone announced the completion of its acquisition of approximately 52.1 per cent. of the issued share capital of Airtel Móvil S.A. ("**Airtel**"), the Spanish mobile telecommunications company, in exchange for the issuance of 3,097,446,624 new Vodafone shares to transferring Airtel shareholders. As a result of the acquisition Vodafone has become Airtel's majority shareholder, having raised its stake from 21.7 per cent. to 73.8 per cent.

On 2nd May, 2001, Vodafone also announced that it had agreed to acquire British Telecommunications plc's ("**BT**") 17.8 per cent. interest in Airtel for £1.1 billion in cash. The transaction is subject to European Commission regulatory approval. Upon completion of this acquisition, Vodafone's interest in Airtel will increase to approximately 91.6 per cent.

On 8th May, 2001, Vodafone announced that it had agreed to sell its 100 per cent. equity stake in the Austrian telecommunications company, tele.ring Telekom Service GmbH, for an undisclosed amount to Western Wireless International Corporation. The transaction is subject to Austrian regulatory approval.

Latin America and Asia Pacific

Latin America. On 5th January, 2001, Vodafone announced that, subject to regulatory approval and the signing of a shareholder agreement between Vodafone and Verizon Communications, it would acquire a 34.5 per cent. equity interest in Grupo Iusacell S.A. de C.V. ("**Iusacell**"), the second largest mobile operator in Mexico. On 4th April, 2001, Vodafone purchased this interest from the Peralta Group for \$973.4 million in cash from its existing resources.

Asia Pacific. On 4th October, 2000, Vodafone agreed to acquire an equity interest in China Mobile (Hong Kong) Limited ("**China Mobile**"). In an offering that closed on 3rd November, 2000, Vodafone acquired newly issued China Mobile shares, representing approximately 2.18 per cent. of China Mobile's share capital, for a cash consideration of \$2.5 billion. In addition, on 27th February, 2001, Vodafone and China Mobile announced that they had entered into a strategic alliance agreement that provides for close cooperation between the two parties in mobile services, technology, operations and management and for joint research and development.

On 20th December, 2000, Vodafone announced that it had agreed to acquire a 15 per cent. equity stake in Japan Telecom Co., Ltd. ("**Japan Telecom**"), from two existing shareholders, West Japan Railway Company and Central Japan Railway Company, for a consideration of ¥249.7 billion, to be paid in cash from its existing resources. Japan Telecom is one of Japan's leading telecommunications companies and parent of the fast growing mobile network, J-Phone Communications Co. Ltd. ("**J-Phone Communications**"), and its regional mobile operating companies. The acquisition of this stake was completed on 12th April, 2001. On 27th February, 2001, Vodafone announced that it had agreed to acquire a further 10 per cent. equity stake in Japan Telecom from AT&T for a consideration of \$1.35 billion, to be paid in cash from its existing resources. The acquisition of this stake was completed on 27th April, 2001.

On 2nd May, 2001, Vodafone announced that it had agreed to acquire from BT a further 20 per cent. indirect equity interest in Japan Telecom, a 20 per cent. indirect equity interest in J-Phone Communications, and an aggregate indirect interest of approximately 4.9 per cent. in the J-Phone Communications regional mobile companies, after exercise by BT of its options over shares in these companies, for total consideration of £3.7 billion in cash. Following these acquisitions, Vodafone will have a 45 per cent. interest in Japan Telecom and a 46 per cent. interest in J-Phone Communications, not including its indirect interest through Japan Telecom's stake in J-Phone Communications. In addition, Vodafone will have interests of 18.9 per cent., 15.2 per cent. and 14.9 per cent. respectively in J-Phone

East Co. Ltd, J-Phone West Co. Ltd and J-Phone Tokai Co. Ltd (together with J-Phone Communications, the “**J-Phone Group**”), the J-Phone Communications regional mobile companies, not including its indirect interest through Japan Telecom and J-Phone Communications in these companies. Completion of the acquisitions is conditional on a subsidiary of BT having exercised and paid for its options in the regional J-Phone Communications’ mobile companies and on certain regulatory approvals and procedural requirements under agreements to which BT is a party. The acquisitions are expected to be completed in full by August 2001.

3G licences

Vodafone, or entities in which Vodafone has an interest, has been awarded 3G licences in Australia, Austria, Belgium, Germany, Italy, Japan, The Netherlands, New Zealand, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom, and expects to participate in additional 3G licence allocation procedures in other markets in which it operates. No assurances can be given that Vodafone will be successful in obtaining any 3G licences for which it intends to apply or bid.

Other business developments

Internet and Mobile Data: Vizzavi Limited (“**VIZZAVI Europe**”), Vodafone’s 50/50 joint venture with Vivendi Universal S.A. of France, has been created to develop and implement a common European multi-access internet portal throughout the parties’ respective mobile, fixed and cable television networks in Europe. VIZZAVI Europe’s content will be specifically tailored to local conditions, needs and interests, but will present the content in a consistent format across different platforms, including mobile handsets, personal computers, televisions and personal digital assistants. It received clearance from the European Commission in July 2000 to operate its proposed services in Europe and the VIZZAVI brand for the multi-access internet portal has been launched in France, the United Kingdom and The Netherlands.

Management

The Directors of the Issuer and their functions are as follows:

Name

Lord MacLaurin of Knebworth, DL	Chairman
Christopher C. Gent	Chief Executive
Peter R. Bamford	Chief Executive Officer for the Northern Europe, Middle East and Africa region
Julian M. Horn-Smith	Chief Executive Officer for the Europe region
Kenneth J. Hydon	Financial Director
Thomas Geitner	Executive Director, Group Products and Services
Dr. Josef Ackermann	Non-Executive Director
Michael J. Boskin	Non-Executive Director
Professor Sir Alec N. Broers	Non-Executive Director
Paul Hazen	Non-Executive Director, Deputy Chairman
Penelope L. Hughes	Non-Executive Director
Arun Sarin	Non-Executive Director
Sir David G. Scholey, CBE	Non-Executive Director
Jürgen E. Schrempp	Non-Executive Director
Dr. Henning Schulte-Noelle	Non-Executive Director

The business address of the Directors is The Courtyard, 2-4 London Road, Newbury, Berkshire RG14 1JX.

A short biography of the Directors of the Issuer is set out below:

Directors

Lord MacLaurin of Knebworth, DL, Chairman, has been a member of the Board of directors of Vodafone since January 1997. He was re-appointed Chairman in May 2000 and is Chairman of Nominations Committee. He was Chairman of the board and Chief Executive Officer of Tesco Plc from September 1970 to June 1997, a director of National Westminster Bank Plc from August 1990 to February 1997, a director of Gleneagles Hotels Plc from October 1992 to November 1997 and a director of Bocket Hall Limited from July 1995 to October 1999. Lord MacLaurin is also a non-executive director of Whitbread PLC and Chairman of the England and Wales Cricket Board. He recently joined the Supervisory Board of Mannesmann.

Christopher C. Gent, Chief Executive, has been a member of the Board of directors of Vodafone since August 1985 and the Chief Executive Officer of the Company since January 1997. He was the managing director of Vodafone Limited, the U.K. network operator from January 1985 to December 1996 and a director of Vodafone Group (Pty) Limited from July 1993 to December 1996. He is Chairman of the Supervisory Board of Mannesmann and is a member of the Board of Representatives of the Verizon Wireless partnership.

Peter R. Bamford, Chief Executive Officer for the Northern Europe, Middle East and Africa region, has been a member of Vodafone Group's board of directors since April 1998. He has responsibility for Vodafone Group's U.K. operations, Middle East and Africa operations and, from April 2001, Northern Europe. He was managing director of Vodafone UK Limited until April 2001. Before joining Vodafone in 1997, Mr Bamford was a director of WH Smith Group Plc.

Julian M. Horn-Smith, Chief Executive Officer for the Europe region, has been a member of Vodafone's Board of directors since June 1996. He is managing director of Vodafone Europe Limited, and a director of several Vodafone Group's overseas operating companies. Mr Horn-Smith was a director of Société Française de Radiotéléphone S.A. from December 1997 until April 1998 and Celtel Limited from March 1996 to October 1998. He is the Chairman of the Management Board of Mannesmann. He is also a non-executive director of Vizzavi Europe and Smiths Industries Plc.

Kenneth J. Hydon, Financial Director, has been a member of the Board of directors since 1985. He is director of several subsidiaries of Vodafone, including Vodafone International Holdings BV, and promotes US investor relations. Mr Hydon is a member of the Supervisory Board of Mannesmann and is a member of the Board of Representatives of the Verizon Wireless partnership.

Thomas Geitner, Executive Director, Group Products and Services, has been a member of the Board of directors of Vodafone since May 2000. He is responsible for the development of pan-European products and services and the achievement of revenue and cost synergies between the operating companies in Vodafone Group's European Region. He is a non executive director of Vizzavi Europe. Prior to joining Vodafone, he was a member of the management board of RWE AG and Chief Executive Officer of Mannesmann o.tel.o GmbH. He is Deputy Chairman of the Management Board of Mannesmann.

Dr. Josef Ackerman, non-executive director, has been a member of the Board of directors since May 2000. He has been a member of the group board of Deutsche Bank AG since 1996 and, in addition, he serves on the supervisory boards of Linde AG, Stora Enso Oyj, EUREX Frankfurt AG and EUREX Zurich AG. He was also a member of the Sair Group from May 1995 to April 1999 and Winterthur Group from May 1996 to November 1996.

Michael J. Boskin, non-executive director, has been a member of the Board of directors since June 1999. He was a director of AirTouch from August 1996 to June 1999. He has been a Professor of Economics at Stanford University since 1971 and a principal of Boskin & Co., a consulting firm, since 1980. He was Chairman of the President's Council of Economic Advisers from February 1989 until January 1993. He is also a director of Exxon Corporation, First Health Group Corp. and Oracle Corporation.

Professor Sir Alec N. Broers, non-executive director, is the Vice-Chancellor of Cambridge University and rejoined the Board of directors on 9th November, 1999. He was previously a member of the Vodafone Board from January 1998 until completion of the merger with AirTouch, after which he held the position of Director Emeritus of Vodafone, an advisory position without director status. He spent many years with IBM and is a fellow of the Royal Society, the Royal Academy of Engineering, the Institution of Electrical Engineers and the Institute of Physics and is a Foreign Associate of the US National Academy of Engineering. He is also a director of Cambridge Network Limited and he was a director of Churchill Residents Plc from January 1993 to December 1998 and Lucas Industries Plc from January 1995 to December 1998.

Paul Hazen, a non-executive director, Deputy Chairman, has been a member of the Board since June 1999 and became a Deputy Chairman and the Board's nominated senior non-executive director in May 2000. He is also Chairman of the Audit Committee. He became a director of AirTouch in April 1993. He became Chairman and Chief Executive Officer of Wells Fargo & Company and its principal subsidiary, Wells Fargo Bank, N.A., in January 1995. Mr Hazen is also a director of Safeway Inc. and Phelps Dodge Corporation.

Penelope L. Hughes, non-executive director, has been a member of the Board of directors since September 1998. She was a director of Next Plc from September 1996 to September 1998. Mrs Hughes is a director of Scandinaviska Enskilda Banken A.B., a non-executive director of Berisford Plc, Body Shop Plc, and Trinity Mirror plc. She is also chairman of Web-Angel plc.

Arun Sarin, non-executive director, has been a member of the Board since June 1999 and was Chief Executive Officer for the United States and Asia Pacific region until he resigned on 15th April, 2000, when he became a non-executive director. He was a director of AirTouch from July 1995 and was President and Chief Operating Officer from February 1997 to June 1999. He is now Chief Executive Officer of InfoSpace, Inc. and he is also a director of The Charles Schwab Corporation and Cisco Systems, Inc.

Sir David G. Scholey, CBE, non-executive director, has been a member of the Board since March 1998. He is also senior advisor of UBS Warburg, a director of Anglo America Plc, a non-executive director of the Chubb Corporation, U.S.A. and Chairman of Close Brothers Group Plc. Sir David was previously a director of The Bank of England from March 1981 to May 1998, The London School of Economics from December 1993 to April 1996, J Sainsbury Plc from July 1996 to February 2000, and a governor of the British Broadcasting Company from March 1994 to January 2000.

Jürgen E. Schrempp, non-executive director, has been a member of the Board since May 2000. In 1989 he became a full member of the board of management of Daimler-Benz AG and President and Chief Executive Officer of Daimler-Benz Aerospace (Dasa) AG. In 1995 he was appointed Chairman of the board of management of DaimlerChrysler AG. Following the Merger with Chrysler Corp. he was appointed Chairman of the board of management of DaimlerChrysler AG in November 1998. He is also a member of the board of directors of South African Coal, Oil and Gas Corporation Ltd., a member of the New York Stock Exchange and a member of the supervisory boards of Allianz AG and Bayerische Hypo- and Vereinsbank AG.

Dr. Henning Schulte-Noelle, non-executive director, has been a member of the Board since May 2000. He was appointed Chairman of the board of management of Allianz AG in 1991. He is a member of the supervisory boards of BASF AG, Dresdner Bank AG, Linde AG, MAN AG, Münchener Rückversicherungs AG, Siemens AG, Thyssen Krupp AG and VEBA AG. Dr Schulte-Noelle was previously a director of Metro from September 1996 to July 1998, Thyssen AG from March 1996 to March 1999 and a supervisory board member of Mannesmann from July 1994 to May 2000.

Capitalisation

The following table sets out the called up share capital of Vodafone Group Plc and the borrowings and indebtedness of its consolidated subsidiaries, referred to as Vodafone Group, as at 31st March, 2001.

Vodafone Group

	At 31st March, 2001
	£
	(in millions)
Capital	
Called up share capital ⁽⁵⁾	4,054

The borrowings and indebtedness of Vodafone Group, excluding intra-group borrowings, at 31st March, 2001 were as follows:

	At 31st March, 2001
	£
	(in millions)
Loan capital	13,488
Committed bank borrowings	731
Other Indebtedness	159
Total borrowings and indebtedness⁽¹⁾⁻⁽⁶⁾	14,378

- (1) Except as disclosed above, in footnote (4) below, and apart from intra-group liabilities, Vodafone Group did not have outstanding as at 31st March, 2001 any loan capital issued, or created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or obligations under finance leases, mortgages, charges, guarantees or other material contingent liabilities.
- (2) All borrowings and indebtedness were unsecured, except for indebtedness in respect of Misfone in Egypt of £228 million. Borrowings and indebtedness include long term and short term borrowings and finance lease obligations.
- (3) Total indebtedness includes £1,268 million of AirTouch bonds which are guaranteed by Vodafone. No other indebtedness is guaranteed.
- (4) At the close of business on 31st March, 2001, Vodafone Group had given guarantees and indemnities to third parties of £1,339 million. Guarantees and indemnities include £1,221 million in respect of a letter of indemnity provided, in September 1999, to a co-investor in certain operating companies in which Vodafone has equity interests. The co-investor has provided the lending institutions to the operating companies with certain credit support documents, which are not legally binding obligations on the co-investor.
- (5) Authorised share capital of 78 billion ordinary shares of U.S.\$0.10 each, 65,012,501,146 ordinary shares allotted, issued and fully paid and 50,000 7 per cent. cumulative fixed rate shares denominated into £1 shares. On 2nd May, 2001 Vodafone Group placed 1,825,000,000 ordinary shares to raise approximately £3.5 billion. This placing was settled on 9th May, 2001 by an issue of shares. This followed Vodafone's announcement that it had agreed to acquire BT's ownership interests in Japan Telecom and the J-Phone Group for a cash consideration of £3.7 billion, assuming the exercise by BT of its option over shares in the operating subsidiaries of the J-Phone Group, and the acquisition of BT's 17.8 per cent. shareholding in Airtel for a cash consideration of £1.1 billion. The ordinary shares issued represented approximately 2.8 per cent. of Vodafone's ordinary share capital prior to the placing.

On 21st December, 2000 Vodafone and eircom announced that they had reached agreement on the proposed demerger of eircom's mobile communications business, Eircell, to a new company, Eircell 2000 and the separate offer by Vodafone for Eircell 2000. The offer became wholly unconditional on 13th May, 2001.

Consideration for the offer was ordinary shares in Vodafone. Approximately 1.046 billion new Vodafone shares have been issued in the offer.

- (6) On 4th April, 2001, Vodafone paid U.S.\$973.4 million (£680 million) in settlement of its acquisition of a 34.5 per cent. interest in Iusacell in Mexico. On 12th April, 2001, Vodafone made a final payment of ¥125.1 billion (£700 million) in respect of its acquisition of a 15 per cent. interest in Japan Telecom from West Japan Railway Company and Central Japan Railway Company. The initial payment of ¥124.6 billion (£730 million) was made on 31st January 2001. On 27th April, 2001 paid U.S.\$1,350 million (£937 million) in respect of its acquisition of a 10 per cent. interest in Japan Telecom from AT&T.
- (7) Except as described above, there has been (i) no material change in Vodafone's authorised and issued called up share capital and (ii) no material change in the borrowings and indebtedness or contingent liabilities, including guarantees, of Vodafone Group since 31st March, 2001.
- (8) **As of 31st March, 2001, Vodafone Group had cash and liquid investments of £7,656 million, giving total net borrowings and indebtedness of £6,722 million.**

Taxation

1. U.K. Taxation

The comments below are of a general nature and are based on the Issuer's understanding of current law and Inland Revenue practice in the United Kingdom only in relation to the deduction of tax from interest payments. The comments relate to the position of persons who are the absolute beneficial owners of the Notes and interest thereon but are not exhaustive and may not apply to certain classes of persons such as dealers or certain professional investors. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who are in any doubt as to their tax position should seek their own professional advice.

- 1 A payment of principal in respect of any Notes will be payable without withholding tax. No withholding tax will arise in respect of a premium or discount unless it is regarded as interest in which case paragraphs 2 and 3 below (as appropriate) will apply.
- 2 Interest payable on Notes which have a maturity of less than one year and are not part of a borrowing which is intended to have a total term of one year or more can be paid without withholding or deduction for or on account of United Kingdom income tax irrespective of whether or not the Notes are listed.
- 3 While the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the London Stock Exchange being such a recognised stock exchange), payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax.
- 4 Under the Finance Act 2001, interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where (broadly) the Noteholder is subject to United Kingdom corporation tax on the relevant payment of interest.
- 5 In all other cases, interest will generally be paid under deduction of income tax at the lower rate (currently 20 per cent) subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.
- 6 Persons in the United Kingdom paying interest to or receiving interest on behalf of another person may be required to provide certain information to the United Kingdom Inland Revenue concerning the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.
- 7 Any interest on any Notes has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes who are not resident in the United Kingdom, except where such persons carry on a trade, profession or vocation through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency.
- 8 Notwithstanding the fact that interest is received subject to deduction of income tax at source, holders of Notes may, however, be liable to pay further United Kingdom tax on the interest received or be entitled to a refund of all or part of the tax deducted at source depending on their individual circumstances.

2. Proposed EU Directive on the Taxation of Savings Income

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments and subject to the proposals not being required to be applied to Notes issued before 1st March, 2001 or to tranches of Notes issued before 1st March, 2002 which are fungible with Notes issued before 1st March, 2001 or where the original prospectus was certified before that date.

Subscription and Sale

The Dealers have in an amended and restated programme agreement dated 4th May, 2000 which has been supplemented and amended by a supplemental programme agreement dated 31st May, 2001 (the “**Programme Agreement**”) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “**Form of the Notes**” and “**Terms and Conditions of the Notes**” above. However, the Issuer has reserved the right to sell Notes directly on its own behalf to persons other than Dealers as principals. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to Notes which have a maturity of one year or more and which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part IV of the Financial Services Act 1986 (the “**FSA**”) except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended or the FSA;
- (ii) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;
- (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of any Notes, other than, in relation to any Notes to be admitted to the Official List, any document which consists of or any

part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the FSA, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on; and

- (iv) it has complied and will comply with all applicable provisions of the FSA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

Germany

In connection with the initial placement of any Notes in Germany, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer and sell such Notes (i) unless otherwise provided in the relevant subscription agreement or the applicable Pricing Supplement in the case of an issue made on a syndicated basis, only for an aggregate purchase price per purchaser of at least DM80,000 (or its equivalent in euro or any other currency) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

France

The Issuer and each Dealer have represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with articles L.411-1 and L.411-2 of the *Code Monétaire et Financier* and *décret* no. 98-880 dated 1st October, 1998.

Investors in France may only participate in the issue of Notes for their own account in accordance with the conditions set out in *décret* no. 98-880 dated 1st October, 1998. Notes may only be issued, directly or indirectly, to the public in France in accordance with articles L.411-1 and L.411-2 of the *Code Monétaire et Financier*.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

General Information

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 24th May, 1999 and by a duly authorised committee of the Board of Directors of the Issuer on 15th July, 1999. The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 30th January, 2001.

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. However, unlisted Notes may be issued pursuant to the Programme. The listing of the Programme in respect of Notes is expected to be granted on 4th June, 2001.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 1998, 1999 and 2000;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer;
- (iv) the Programme Agreement, the Agency Agreement, the Trust Deed which incorporates the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of this Offering Circular;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Paying Agent as the case may be, as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system (including Sicovam) the appropriate information will be specified in the applicable Pricing Supplement.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries since 31st March, 2001 and there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since 31st March, 2001.

Litigation

Neither the Issuer nor any member of its group is involved or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer and its group.

Auditors

The auditors of the Issuer are Deloitte & Touche, Chartered Accountants who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the three financial years ended 31st March, 2001.

Banking Act 1987 (Exempt Transactions) Regulations 1997

Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom and which are issued pursuant to an exempt transaction under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under section 4 of the Banking Act 1987. The Issuer is not an authorised institution or a European authorised institution (as such terms are defined in the Regulations) and repayment of the principal and payment of any interest or premium in connection with such Notes will not be guaranteed.

In relation to any Notes which are issued pursuant to an exempt transaction under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4)(a) of the Regulations, the Issuer confirms that:

- (a) as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (b) it will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes by the time when such Notes are so admitted; and
- (c) as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4)(a) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of such Notes as they fall due.

THE ISSUER

Vodafone Group Plc

The Courtyard
2-4 London Road
Newbury
Berkshire RG14 1JX

THE TRUSTEE

The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

ISSUING AND PRINCIPAL PAYING AGENT

HSBC Bank plc

Mariner House
Pepys Street
London EC3N 4DA

PAYING AGENTS

Credit Suisse First Boston

Uetlibergstrasse 231
8045 Zurich

Banque Internationale à Luxembourg S.A.

69 route d'Esch
L-2953 Luxembourg

LEGAL ADVISERS

To the Issuer as to English law

Linklaters

Linklaters & Alliance

One Silk Street
London EC2Y 8HQ

To the Dealers and the Trustee as to English law

Allen & Overy

One New Change
London EC4M 9QQ

AUDITORS

To the Issuer

Deloitte & Touche

Hill House
1 Little New Street
London EC4A 3TR

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

BNP Paribas

10 Harewood Avenue
London NW1 6AA

Deutsche Bank AG London

Winchester House
1 Great Winchester Street
London EC2N 2DB

HSBC Bank plc

Thames Exchange
10 Queen Street Place
London EC4R 1BQ

Lehman Brothers International (Europe)

One Broadgate
London EC2M 7HA

J.P. Morgan Securities Ltd.

60 Victoria Embankment
London EC4Y 0JP

Salomon Brothers International Limited

Citigroup Centre
33 Canada Square
London E14 5LB

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR

UBS AG,
acting through
its business group
UBS Warburg
1 Finsbury Avenue
London EC2M 2PP

LONDON LISTING AGENT

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR

